

**TRABUCO CANYON WATER DISTRICT  
FINANCE/AUDIT COMMITTEE MEETING RECAP  
SEPTEMBER 7, 2011**

**DIRECTORS PRESENT**

Jim Haselton, Committee Chair  
Mike Safranski, Committee Member

**STAFF PRESENT**

Don Chadd, General Manager  
Hector Ruiz, District Engineer  
Teresa Teichman, District Secretary  
Michael Perea, Special Project Manager  
Karen Warner, Accounting Supervisor

**PUBLIC PRESENT**

No members of the public were present.

**CALL MEETING TO ORDER**

Committee Chair Haselton called the September 7, 2011 Finance/Audit Committee Meeting to order at 7:03a.m.

**VISITOR PARTICIPATION**

Public comments were announced. No comments were received.

**ORAL COMMUNICATION**

Oral communication was announced. No comments were received.

**COMMITTEE MEMBER COMMENTS**

There were no committee member comments.

**REPORT FROM THE GENERAL MANAGER**

Mr. Don Chadd, General Manager, advised the first meeting of the newly formed Ad Hoc Committee – Land Asset Analysis, met on September 1, 2011 and stated he feels the committee will make rapid progress.

**FINANCE/AUDIT COMMITTEE MEETING RECAP  
SEPTEMBER 7, 2011  
PAGE 2**

**FINANCIAL MATTERS**

**ITEM NO. 1) FINANCE/AUDIT COMMITTEE MEETING RECAP**

The August 3, 2011 Finance/Audit Committee Meeting Recap was presented to the Committee.

**Recommendation:** *The Committee recommended that the August 3, 2011 Finance/Audit Committee Meeting Recap be received and filed by the Board. (Consent Calendar).*

**ITEM NO. 2) RATIFICATION OF DIRECTORS' FEES AND EXPENSES  
AND FUTURE MEETINGS**

The Committee reviewed this matter. No changes were made.

Discussion occurred relating to moving this item back onto the Consent Calendar for Board meetings.

**Recommendation:** *The Committee recommended that the Directors' expenses for July/August 2011 and fees for July/August 2011 be forwarded to the Board for ratification. (Consent Calendar)*

**ITEM NO. 3) STATUS UPDATE RELATING TO STORM DAMAGE**

Mr. Hector Ruiz, District Engineer, advised the FEMA representative has reviewed TCWD's draft appeal letter relating to the 16-inch Serrano Creek Crossing. Mr. Ruiz has implemented the suggested changes and will submit the appeal letter on September 9, 2011.

Mr. Ruiz advised he has reviewed the information prepared by URS relating to permit applications for the 8-inch Rose Canyon Creek Crossing. Mr. Ruiz will be submitting the paperwork to each permitting agency on September 8, 2011. Mr. Ruiz anticipates hearing back from each permitting agency within a one to two month timeframe. Mr. Ruiz stated work on the project should start by mid-October.

Discussion occurred relating to upcoming wet months and the effect it may have on either or both of the above projects.

**Recommendation:** *The Committee received and filed the status update. No action necessary.*

**FINANCE/AUDIT COMMITTEE MEETING RECAP**  
**SEPTEMBER 7 2011**  
**PAGE 3**

**ITEM NO. 4)            DISCUSSION AND POSSIBLE ACTION RELATING TO**  
**ADJUSTMENT TO SEWER FLAT FEES**

Mr. Don Chadd, General Manager, discussed the sanitation services within the District and explained the three options available for disposal as it relates to flows from various areas within the District.

Mr. Chadd explained the sewage flows from homes and businesses on the Plano are directed to TCWD's Robinson Ranch Wastewater Plant for treatment.

Mr. Chadd advised there is no sewer service within the Canyon area at this time and homes and businesses within the Canyon are reliant upon private septic systems.

Mr. Chadd explained the third option for disposal of sewage occurs at the Chiquita Treatment Plant, owned and operated by the Santa Margarita Water District (SMWD), which TCWD owns a percentage of capacity.

Mr. Chadd discussed the anticipated growth within the District projected over the next three years and the impact this may have on sanitation collection and disposal.

Mr. Chadd advised with recent legislation, pending litigation, and the increase to Special Districts in fines, he recommends TCWD staff analyze all cost relating to the collection and disposal of sewage along with establishing a reserve for potential fines to the District.

Discussion occurred regarding the cost to the district for the disposal of sewage at the two separate facilities and the possibility of establishing two separate zones with separate fee structures.

Further discussion occurred relating to the timing of increased flat fees with respect to the Pass Through commodity cost from Metropolitan Water District of Southern California (MET) and Municipal Water District of Orange County (MWDOC), which will go into effect on January 1, 2012.

**Recommendation:**    *The Committee recommended that this information be forwarded to the Board. (Action Calendar)*

**ITEM NO. 5)            OTHER MATTERS**

Mr. Chadd advised he will be working with TCWD's Accountant and Treasurer in order to prepare documentation necessary to comply with the provisions of Resolution 2010-1142, which authorized changes to the District's water rates, based upon changes in such rates for wholesale water purchases, for a time period not to exceed five years.

**FINANCE/AUDIT COMMITTEE MEETING RECAP**  
**SEPTEMBER 7, 2011**  
**PAGE 4**

Mr. Chadd advised he has conferred with TCWD's legal counsel as it relates to procedural requirements necessary to implement the January 1, 2012 MET/MWDOC Pass Through Fee. Mr. Chadd reminded the Committee the language for Resolution 2010-1142 requires a Notice be provided to customers a minimum of 30 days prior to the effective date and no public hearing is required.

Mr. Chadd advised the Trabuco Creek Wells Facility Wells were turned off on September 2, 2011 as the level of water within the wells has been drawn down as much as possible for the season.

**ITEM NO. 6A)      PRESENTATION OF JULY 2011 UNAUDITED FINANCIAL STATEMENT**

Mr. Chadd advised the format of this report has changed and is currently a work in progress during the month of August in order to transition to a format which will present more accurately the trend analysis and comparative information presented on a monthly basis. Mr. Chadd stated the new format will better delineate and clarify certain line items which have previously contained bundled information.

Mr. Chadd stated due to the transitioning of this report there is no comparative analysis to review at this time, however; information presented at the time of the next Finance/Audit committee meeting will contain the figures for July 2011.

**Recommendation:**      *The Committee recommended that the Board receive and file the July 31, 2011 preliminary unaudited financial statement, as presented. (Consent Calendar).*

**ITEM NO. 6B)      BILLS FOR CONSIDERATION**

The bills for consideration were presented.

**Recommendation:**      *The Committee recommended that the Board ratify payment of August 16, 2011 bills for consideration in the amount of \$257,875.49, and the September 7, 2011 bills for consideration in the amount of \$249,940.05 and the August 2011 payroll in the amount of \$211,366.84 as presented. (Consent Calendar).*

**ADJOURNMENT**

Committee Chair Haselton adjourned the September 7, 2011 Finance/Audit Committee Meeting at 7:35 a.m.